



AGENDA DATE: June 16, 1999

STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

I/M/O The Rate Unbundling Filings }
By Gas Public Utilities Pursuant to }
Section 10, Subsection A, of the }
Electric Discount and Energy }
Competition Act of 1999 }

GAS

PROCEDURAL ORDER

Docket No. GX99030121

(Service List Attached)

BY THE BOARD:

By Order dated March 17, 1999, the Board established procedures to address the requirements of Section 10, Subsection A, of the Electric Discount and Energy Competition Act, P.L. 1999, c.23. ("Act") Included in these procedures were the requirements for a rate unbundling filing by April 30, 1999, a discovery schedule and a tentative hearing schedule.

The Act requires that "...all retail customers of a gas public utility shall be able to choose a gas supplier by no later than December 31, 1999." All commercial and industrial customers already have a choice of gas suppliers in New Jersey. In addition, New Jersey Natural Gas Company and South Jersey Gas Company already have active residential pilot programs and Public Service Electric & Gas Company has received approval to implement residential choice for 300,000 natural gas customers. Thus the various gas utilities each have processes and procedures in place which could be expanded to accommodate full retail choice as of December 31, 1999. Currently however, there are four different sets of processes, some aspects of which may conflict with either the consumer protection sections of the Act, Board decisions concerning consumer enrollment and/or billing and data exchange procedures already adopted for the electric restructuring process. Even if these conflicts were reconciled, the

presence of four different systems makes natural gas marketing in New Jersey more difficult than it needs to be. The Board views its responsibilities under the Act in overseeing the unbundling of natural gas rates to also include review of the entire set of rules and regulations under which natural gas competition should occur.

To this end, Board Staff has begun to discuss with the parties (gas utilities, third-party suppliers and the Ratepayer Advocate) the non-revenue related issues dealing with gas competition. These issues are similar to those being addressed in the electric industry and include, but are not limited to, enrollment, metering, billing, data exchange and third party supplier agreements. Staff and the parties met on May 13, 1999 and May 26, 1999 and are of the opinion that, similar to the electric process, these types of issues do not lend themselves to a litigious approach. The Board concurs and believes that many, if not all, of these types of issues could be better addressed in a generic manner, through a working group process. Since many of these issues have already been addressed in the electric proceedings, and many have already been ruled upon by the Board, except where the differences between the gas and electric industries become meaningful, the process should be less involved and should be able to proceed through one implementation working group.

Based on the foregoing, the Board DIRECTS that:

1. A Natural Gas Implementation Working Group shall be created;
2. Issues to be addressed through the working group process shall include enrollment, non-competitive metering & billing, data interchange, customer administration, customer information, third-party supplier agreements, nomination procedures and reliability, including peak day requirements and penalties;
3. The Working Group shall consider data exchange issues first, including:
 - a) Will an EDI process provide gas customers benefits and improve natural gas competition?
 - b) If so, would a uniform EDI process provide customer benefits, improve natural gas competition and be cost justified?
 - c) If so, should the EDI process be the same as is being employed in the electric industry?

4. The Working Group shall provide recommendations as they become available and shall provide a list of unresolved issues by Oct. 15, 1999.

As previously indicated, the Board does not believe there are technical barriers to implementing 100% customer choice on Dec. 31, 1999. Therefore, there does not appear to be the same time constraints with implementing and/or changing the customer and business process flows as there have been in the electric industry. For these reasons, and in order to streamline the formal process outlined in our March 17th Order, the Board ORDERS that the implementation aspects of restructuring, described above, shall not, at this time, be a part of the discovery, hearing and briefing process. Staff will be responsible for identifying, on an ongoing basis, any issues that arise through the working group process which need to be resolved prior to December 31, 1999. The Board will take additional action as needed to insure that these issues are resolved in a timely manner. Issues in contention which do not need to be resolved prior to December 31, 1999 will also be addressed, on a schedule to be established by the Board, as necessary.

DATED: 6/16/99

BOARD OF PUBLIC UTILITIES

BY:

SIGNED

HERBERT H. TATE
PRESIDENT

SIGNED

CARMEN J. ARMENTI
COMMISSIONER

SIGNED

FREDERICK F. BUTLER
COMMISSIONER

ATTEST: SIGNED

MARK W. MUSSER

SECRETARY